

MEETING MINUTES

Office of Economic Development
Economic Development Advisory Board
57 E. 1st Street
Lower Level Council Chambers
Mesa, AZ 85201

Date: September 6, 2016 Time: 7:30 A.M.

MEMBERS PRESENT

Jeff Pitcher, Chairman
Natascha Ovando-Karadsheh, Vice Chair
Terry Benelli
Deb Duvall
Matt Likens
Dominic Perry

EX-OFFICIO

Mayor John Giles (excused)
Chris Brady (excused)
Rich Adams
Brian Campbell
Jeffrey Crockett
Sally Harrison

STAFF PRESENT

Bill Jabjiniak
Jaye O'Donnell
Aric Bopp
Sara Sorensen
Michele Freed
David Packard

MEMBERS ABSENT

James Christensen
Laura Snow

GUESTS PRESENT

Marc Garcia
Kimberly Freer

1. Chair's Call To Order

Chair Jeff Pitcher called the Economic Development Advisory Board (EDAB) meeting to order at 7:32 a.m. Jeff Pitcher announced that the Advisory Board had a new member. He then invited Deb Duvall to introduce herself and provide a little career background. Deb Duvall shared that she had been around Mesa for close to 30 years, noting that she had been back and forth in the community since she graduated from college. She shared that she had recently retired after spending 50 years as a public school educator, 30 of which were in Arizona. She served as a teacher at Eisenhower School and also worked in the Mesa Central Office for a number of years. She spent some time in North Carolina, where she worked at the Department of Public Instruction. She also served as a Principal and Associate Superintendent in Wade County, before coming back to Mesa, where she served in various capacities, before being named Superintendent. Deb Duvall also shared that throughout her career, she has served on a number of community boards and that she is pleased to be joining the EDAB. She indicated that she would do everything she could to support the goals and mission of the EDAB.

2. Items from Citizens Present

A member of the public, Tim Mello, had turned in a blue card requesting permission to speak. Chair Pitcher invited Mr. Mello to address the board, reminding him they had three minutes in which to share his concerns or comments. Tim Mello stated that he wanted to express his support for efforts to regenerate Downtown Mesa. He noted that most of the items before the EDAB are large scale projects, but he wanted to call attention to the Alhambra Hotel at 43 South Macdonald Street, which is a smaller scale renovation project. He pointed out that this hotel had been in disrepair for a number of years, but he had recently observed that it was undergoing interior demolition and found out that it is being developed as student housing for Benedictine University. He desired to open up a discussion with the board members regarding this type of smaller scale development (i.e. adaptive reuse of historic properties) and how that fits in with the larger general plans for the expansion of downtown development

in the City of Mesa. Chair Pitcher asked if Mr. Mello had any specific suggestions for the board members. Mr. Mello mentioned that he hoped that the EDAB would continue to support these types of smaller scale, adaptive reuse developments. Chair Pitcher then asked for any input from the board members.

Director Bill Jabjiniak thanked Mr. Mello for his comments. He pointed out that the Alhambra Hotel was indeed being renovated, noting that this adaptive reuse is a positive outcome for this property and that it was in the process of transitioning to student housing. He noted that there have been other adaptive reuse projects and more will be coming in the future. He reminded those present, that for this type of project to come about, there must be a willing seller and a buyer. Director Jabjiniak mentioned a program that was instituted a number of years ago to help outfit older buildings with fire sprinklers. The program was instituted because many of the older buildings in Mesa were not meeting fire code. He noted that the program started off as a loan program, and later turned into a grant program. He indicated that, although this was a great program that allowed property owners to upgrade their properties, the program had not been utilized by the property owners. Director Jabjiniak also informed Mr. Mello that the Office of Economic Development has been very supportive of these types of adaptive reuse projects.

Comment: Jeffrey Crockett told Mr. Mello that he appreciated his willingness to come out to an early meeting to express his views. He shared that he thinks this type of citizen involvement is very important to the overall success of Mesa. He did acknowledge that people often get excited about the bigger projects, but he thought the smaller projects were very important, as well.

Comment: Terry Benelli shared about an opportunity of potential to the board members. She noted that on September 15, from 6:00 – 8:00 p.m., an event sponsored by Local First Arizona was taking place at El Rancho Del Arte. She shared that Local First Arizona would be bringing in three small scale developers to begin discussions about infill projects.

3. Approval of Minutes from the August 2, 2016 Board Meeting

Chair Pitcher asked for a motion to approve the minutes from the August 2, 2016 meeting.

MOTION: Terry Benelli
SECOND: Dominic Perry
DECISION: Passed Unanimously

4. Visit Mesa Update

Chairman Pitcher invited Marc Garcia to begin his presentation on Visit Mesa. Marc Garcia shared that he thought it had been approximately six months since they had shared with the board and he indicated that Visit Mesa has been very busy during that time. Mr. Garcia referenced the packet the board had been given, which included Visit Mesa's annual report, as well as their Fresh Foodie agritourism brochure. He introduced Kimberly Freer, Senior Vice President of Sales and Marketing, noting that they both would be contributing to the presentation. He stated that Visit Mesa is deployed in sales in three different market segments: national sales, travel industry sales, and sports sales. He noted that sports sales have traditionally been their largest market. He also noted that they finished the year with an all-time record of 62,867 booked room nights. To put this number in perspective, he shared a 10-year history of booked room nights. He shared that when he and Kimberly Freer arrived at the end of Fiscal Year 2012, they began to put together some new tactics and procedures to become a more aggressive sales and marketing organization. Since that time, they have seen some terrific results from the change in strategy they made four years ago. Marc Garcia then discussed lodging performance, indicating that in the current

calendar year, Mesa has performed very well, compared to the rest of the valley. By the criteria of revenue per available room (RevPAR), they are up 6.1 percent year-over-year. He shared that this number leads the entire valley. Due to the lack of quality hotel product, the Visit Mesa organization has attempted to segment some of the properties in an effort to get a better indication of how the branded properties (Marriot, Shelton or Hilton) are comparing to the rest of the valley. In this category, these branded properties are also performing even better than the average for the rest of the valley. Marc Garcia pointed out that these positive numbers represent a very good start to 2016.

Kimberly Freer then shared some of Visit Mesa's campaign highlights from the different marketing campaigns they participated in during the past fiscal year. She highlighted Madden Media, which is a broad-based, far-reaching campaign, resulting in over 5 million total impressions. She also stated that the Facebook fan base had grown. She discussed the Madden Media campaign, noting that it resulted in 39,789 total clicks and 20,654 YouTube video views. Twenty-five percent of the videos that were viewed, were viewed at 100 percent, meaning that people didn't just click on them and then leave, but they watched the entire video to the end. Ms. Freer said that these videos were lifestyle-focused videos, focusing on family, outdoor adventure, culinary, and heritage and culture. These videos would be fed to people that were predisposed to that particular lifestyle, so they would watch something that they were interested in, based on the target marketing that Visit Mesa had engaged in. Ms. Freer then discussed a visual campaign they did which targeted millennials. The call to action involved a click-through embedded in the communication. This resulted in 16,155,628 impressions, which is a click-through rate of .52 percent, almost triple the normal click-through rate. Going forward, Ms. Freer mentioned that they were going to include additional calls to action in an effort to see how far they can push the millennials to engage them. She also shared that they had done a TravelZoo campaign, which resulted in over 2 million impressions and 7,926 clicks. She also indicated the success of React2Media, which was a broad-based communication piece that went out to build their email database. This campaign brought forth 10,000 leads. Finally, Kimberly Freer shared regarding Texas Monthly, one of the few print campaigns they participated in, noting that the campaign generated 354 leads. After they finished the Madden Media campaign, a conversion report was done based on the campaign. Of the 340 people that were polled, 26 percent indicated that they had visited Mesa after receiving the travel information that had been forwarded to them. Twenty-six percent of the respondents stayed 1-2 nights in Mesa, and 51 percent stayed 3-11 nights. Ms. Freer suggested that this number may have something to do with Allegiant Airlines. She then shared a slide evaluating the estimated economic impact of this particular campaign.

Marc Garcia shared that at a recent Governor's Tourism Conference, Visit Mesa won an award for their integrated marketing campaign. He stated this was their second award in the past three years. This award was directly related to Visit Mesa's efforts with the Fresh Foodie Trail. Kimberly Freer noted that an integrated campaign is a multifaceted campaign which includes print, digital, media, bloggers, etc. She also pointed out that this campaign had successfully incorporated the entire region. She pointed out that each one of the icons on her presentation slide, represented a farm, dairy or other local grower in the area. Marc Garcia shared that food tourism is the fastest growing travel segment in the entire country. He said that Mesa provides a very authentic "farm-to-fork" food experience. He stated that this marketing effort was similar to what they had previously done with the rebranding of Mesa regarding water. Kimberly Freer also indicated that the Fresh Foodie Trail brochure had been translated into Mandarin and German. Ms. Freer then shared some website and social media statistics. On every front, Ms. Freer noted that there were increases on website and social media platforms. Kimberly Freer shared that Michelle Streeter, Vice President of Communications and Partner Relations, continues to do an excellent job in the area of media impressions, where a total of 566,599,264 media impressions were earned. She pointed out that this number represents a 16 percent increase over the previous fiscal year. A total of 258 articles were also generated. The increase in earned media value was 1.2 million, a 90 percent increase year-over-year. These results are superior to any other DMO (Direct Marketing Organization) in the valley. Marc Garcia specifically mentioned that another important and telling statistic, was the fact

that they have hosted 103 members of the media. These members of the media are from the United States, Canada, Germany, United Kingdom, China and France. Mr. Garcia noted that this number is unheard of, especially for an organization with 13 employees and a budget of \$3.1 million. Kimberly Freer mentioned that Michelle Streeter traveled to Germany this year to follow-up with Visit Mesa's communications with various tour operators in Germany. Ms. Streeter will continue to reach out to the press and the media in Germany this year.

Kimberly Freer mentioned that they have hired a new agency this year. The Scottsdale-based agency is called HAPI. Ms. Freer shared that Visit Mesa is excited with the intuitive, aggressive approach of HAPI. This new agency will be taking a look at Visit Mesa's content and messaging in an effort to update some of this content and messaging. She shared some of HAPI's conceptual drawings of lifestyle-targeted materials. She called the board's attention to a 20% off icon on one of the drawings, which represented a brand new Expedia campaign they were participating in. They will be reaching out to loyal Expedia customers, as well as their partners, which include online travel agencies such as Hotels.com, Orbitz, Travelocity and others. This effort will overlap with an Arizona Office of Tourism campaign they are also taking part in using Expedia. This will help Visit Mesa track room nights. Ms. Freer specifically noted one of the Expedia campaigns they will be involved in, is an effort directed at Californians to solicit interest in visiting Arizona during the week that schools in California are off for fall break. She also indicated that they will be involved in an overseas Expedia campaign during the months of January and February, specifically targeting the United Kingdom and Germany. Ms. Freer also briefly discussed an interactive program, "The Grand Pitch" contest, in which Visit Mesa was a finalist for an Arizona Office of Tourism award. This effort will result in a 360-degree video which will be produced. Ms. Freer shared that this program will offer people a chance to record a 360-degree view of a particular lifestyle programming that Visit Mesa wants them to see, and will include a hidden word which can later be entered into a website to earn a free gift. Marc Garcia noted that this type of 360-degree technology is becoming very popular with a lot of different destinations. However, he pointed out that it is usually a passive experience, but inserting a hidden word into the video creates a call of action for participants, and creates a better experience. Kimberly Freer also shared that they would be involved in a Facebook and Instagram program from November through March. It will include banner ads, as well as videos.

Kimberly Freer continued her presentation by sharing some Fiscal Year 2016-17 highlights that would be taking place. Visit Mesa will be hosting DMA (Destination Marketing Association) West on September 20-24, 2016. This event will be an educational summit for affiliated DMO's from the western region. They have also been selected to host the U.S. Sports Congress in 2017. Ms. Freer said that she would be attending CITM. (China International Travel Mart) in China. This event is the largest in China. She will also be going to China to begin discussions with some of China's airlines. She also discussed a recent program they had done, in which they partnered with Kuoni, the largest tour operator in Europe, on a pre-and post-motorhome trip campaign. The Germans and northern Europeans frequently travel by motor coach, so they are hoping to add a few days to their stays on either end of these trips. Kimberly Freer also shared that they also launched a brand new interactive map product in an effort to generate multiple night stays in Mesa. They hope to build the overnight numbers from the people coming into the region to stay for three to five nights, and let them know that they can stay in Mesa and use it as a hub to experience all of the different points of interest around the state. They have communicated the idea of this hub and spoke to tour operators and it is also displayed on the Visit Mesa website. When users click on it, they can see places they could visit each day and still be able to return to Mesa to spend the night. An example of this would be a visit to the south rim of the Grand Canyon. Kimberly Freer shared information about their efforts in the area of communications. They have partnered with TravMedia, which is an international distribution channel, so that Michelle Streeter will be able to communicate with media all over the world. Ms. Freer also indicated that they have plans to utilize Snapchat and Instagram from a social influencer perspective. Michelle Streeter also has plans to visit the United Kingdom in an effort to follow up on some things they are working on.

Marc Garcia then discussed the Visitor Profile Study, conducted by Longwoods, a leader in tourism research. Since his arrival 4 1/2 years ago, Mr. Garcia indicated his surprise that they had no tools in place to determine how many visitors came to Mesa on an annual basis. They have now hired Longwoods to conduct an annual survey each year, which will provide this information, as well as other demographic information to Visit Mesa. Marc Garcia finished his presentation and asked if anyone had any questions.

Comment: Rich Adams thanked Mr. Garcia and Ms. Freer for their presentation. He shared that he has long felt that there are a lot of synergies between the Visit Mesa organization and the EDAB. He pointed out that Visit Mesa has the opportunity to communicate with potential site selectors and CEO's about the opportunities available in the Mesa area. He sees the messages of Visit Mesa inviting people to come to Mesa for a visit, as very similar to promoting the idea of someone bringing their business to Mesa.

Response: Marc Garcia agreed with Rich Adams about overlapping synergies and mentioned the fact that Jaye O'Donnell of the Office of Economic Development, had recently joined Visit Mesa at a large leisure trade show.

Comment: Natascha Ovando-Karadsheh noted she regularly refers clients to Visit Mesa. She pointed out that the videos are very well done and give a very good idea of what Mesa has to offer, especially for clients who are relocating.

Response: Kimberly Freer said that they would be developing additional videos.

5. Southwest Redevelopment Area and Central Business District Expansion Update

Chair Jeff Pitcher invited Sara Sorensen to provide a presentation on the Southwest Redevelopment Area and Central Business District Expansion.

Before Ms. Sorensen began her presentation, Director Jabjiniak took a moment to discuss the need for economic development tools, and pointed out that this discussion item represents the first piece of a long process in which his staff have tried to develop tools to help with economic development. They have tried to think creatively to help promote economic development and one of the available tools is GPLET, or Government Property Lease Excise Tax. They have been trying to find ways to take advantage of this available tool.

Sara Sorensen, Economic Development Project Manager, introduced herself and noted that she is the project manager leading the effort to create a new redevelopment area, also known as the Southwest Redevelopment Area or RDA. She shared that she had spoken to the board a few months ago when the project had just begun and she wanted to provide an update on what had transpired since that initial presentation. She stated that a redevelopment area is an area designated by City Council, as an area in need of revitalization. The formal designation can make federal, state or local funds available. The reason the Economic Development office is seeking this designation is because it is a necessary step to offer the GPLET. This incentive is very enticing to developers and is used frequently in Phoenix and Tempe. They often have developers that are actively seeking this incentive. The incentive replaces the property tax with an excise tax, so instead of a building being taxed at its assessed value, it is taxed based on its type of use and its square footage. This usually results in a lower overall operating cost. Ms. Sorensen pointed to an area on a map showing Mesa's existing RDA. It is called the Town Center Redevelopment Area and it encompasses most of downtown. The goal is to create a separate RDA (indicated in blue on her presentation map) which would encompass most of the Fiesta District. She also noted that the proposed Redevelopment Area abuts the existing RDA. For the full GPLET incentive to be available, it is necessary to extend the Central Business District and only one Central Business District is allowed. Although a municipality can have more than one Redevelopment Area, they can only have

one Central Business District, so the two redevelopment areas need to be contiguous. Ms. Sorensen shared that since her last presentation, a consultant has been secured. In May, they kicked off the project with an extensive parcel study of the proposed area. They went through the area parcel by parcel and performed a blight survey. They have also conducted some community outreach in the form of a community meeting held at the Fiesta substation. The meeting was attended by approximately 35 community members. The overall feedback was extremely positive.

Question: Director Jabjiniak asked Ms. Sorensen to share the two most common questions they received at the community meeting.

Answer: Ms. Sorensen answered that the two most common questions were regarding the W. M. Grace property and whether it could be improved. Secondly, the citizens were interested in Fiesta Mall.

Ms. Sorensen continued her presentation. She indicated that on Monday evening, they would be asking City Council to adopt a resolution to create the Southwest Redevelopment Area, and then immediately following that, they will be asking them to adopt a second resolution to extend the Central Business District. She indicated that these two items go hand-in-hand. If the resolution is not passed to create the Southwest Redevelopment Area, then the Central Business District will not be extended. Ms. Sorensen shared that if the RDA is created, the consultant and the City of Mesa will begin drafting the Redevelopment Plan, which will act as a blueprint for redevelopment activity.

Question: Terry Benelli asked if there had been any public outreach to the downtown area, asking what this change would mean to businesses in the downtown area.

Answer: Ms. Sorensen said, as of now, there has not been any specific outreach to the downtown area, but they plan to host several roundtables during the crafting of the redevelopment plan.

Comment: Director Jabjiniak stated that the Downtown Redevelopment Area had not changed.

Response: Ms. Benelli said she saw it as a dilution or an expansion of the downtown area and wondered if any of the downtown businesses or property owners had concerns with this proposed expansion.

Comment: Director Jabjiniak stated that the tools available for the downtown area have been available for years. Now they are just trying to expand the use and create a marketing push around the use of the GPLET incentive.

Ms. Sorensen stated that they would be presenting to the City Council Study Session regarding the blight findings on Thursday. These findings were generated by the parcel study done back in May. She walked the EDAB through the presentation that would be presented to City Council. She explained the process for determining blight and slum and noted that Mesa did not have any slum. She shared the nine blight factors, noting that there must be a predominance of the nine factors for an area to be considered blight. She pointed out a zoomed-in image of the Southwest Redevelopment Area, noting where it heads south on Country Club and west along Southern Avenue. The area consists of 281 parcels and 616 acres.

Question: Director Jabjiniak asked Ms. Sorensen to explain the difference between acres and parcel acres.

Answer: Ms. Sorensen answered that parcel acres have had public right-of-way and streets removed and consist only of the actual acreage that the parcels are located on.

Comment: Director Jabjiniak suggested listening during the presentation for two key numbers: 281 parcels and 483 parcel acres.

Sara Sorensen noted that the parcel study was begun in May. She commented that each parcel team had a survey which listed all nine factors of blight, and the signs that should be looked for to make a

finding in each of the blight factors. If any of the blight factors were found, a supporting photograph was required. Ms. Sorensen noted that data was also pulled from the Assessor, the Recorder and the Treasurer, as well as several City of Mesa internal departments. She then shared a slide showing the blight survey. She revealed that of the 281 parcels, 52% of them showed at least one sign of blight. Another way of dividing up the land area surveyed was to use parcel acreage. Using the parcel acreage method, the number showing at least one sign of blight increased to 62 percent.

Question: Deb Duvall asked what the difference was in determining if an area was blight or slum. She asked what additional factors would be added to the list of nine blight factors to return a finding of slum.

Answer: Sara Sorensen shared that slum is much more difficult to find. She told Ms. Duvall that she didn't have the details of the actual criteria in front of her regarding the factors that must be present to indicate slum, but she noted that they did not go into this study expecting to find slum.

Comment: Director Jabjiniak shared that Mesa did not have slum, only blight. Mesa is not in bad shape compared to other cities across the country. This is the reason they focused on the determination of blight, because slum just really isn't an issue in Mesa.

Sara Sorensen shared the top four factors of blight that they found during the parcel survey:

- 1) Improper or obsolete subdivision platting. Ms. Sorensen said this usually occurs when a property owner has made changes to their property lines, resulting in a faulty lot layout, lack of access or inadequate size for redevelopment purposes.
- 2) Deterioration of site or other improvements. Ms. Sorensen stated that they found 22% of parcels and 44% of parcel acres exhibited this deterioration. The team looked for cracked or peeling paint, broken windows, boarded-up doors and windows, as well as the vacancy rate in the area. Anything with a vacancy rate greater than 15% was concerning.
- 3) Dominance of defective or inadequate street layouts. Ms. Sorensen said they received some great information from the City of Mesa's Transportation department to help look at the level of service in the streets in the area they were surveying. The survey team also looked at inadequate building frontage and whether or not the access to the parcel was impaired.
- 4) The diversity of ownership. Ms. Sorensen noted that this factor is easily seen in strip malls where many different owners are represented. This makes it very hard for an area to be redeveloped because every single property owner has to be agreeable to the proposed redevelopment. She mentioned Fiesta Mall as a great example of this factor.

Ms. Sorensen then shared three of the other blight factors that the survey found, indicating that these were not found in large quantities. She also pointed out that they did not find any examples of two of the nine blight factors. She then shared some case studies of other redevelopment areas in Arizona. She said it is helpful to understand how other municipalities interpret what a predominance of blight is. She shared that Mesa found 7 of the 9 blight factors, which meets the criteria threshold for both parcels and parcel acreage. In summary, Ms. Sorensen stated that they believe that a substantial number of blight conditions exist in the area and therefore, they are requesting that Mesa City Council approve the two resolutions.

Chair Pitcher thanked Ms. Sorensen for her presentation and called for questions or comments.

Question: Jeffrey Crockett thanked Ms. Sorensen and asked if the purpose of the study was to open up GPLET opportunities.

Answer: Director Jabjiniak answered that this was the main purpose of the study.

Question: Jeffrey Crockett asked what else could be done with the information they found, in addition to making the GPLET tool available.

Answer: Sara Sorensen said that when they begin crafting the redevelopment plan, they will specifically ask the consultant to help them identify potential funding streams, which could be used to renovate existing buildings, beautify streetscapes or develop neighborhood programs.

Question: Jeffrey Crockett asked if the Central Business District was the combination of the two RDA's.

Answer: Sara Sorensen pointed out that the Central Business District would exist in both of the RDA's. There are two separate redevelopment areas, but only one contiguous Central Business District.

Comment: Director Jabjiniak answered that, by statute, a municipality can have more than one redevelopment area. They can also have more than one Central Business District, but to be able to use the GPLET incentive, one of them has to be declared as the Central Business District. To take full advantage of the GPLET incentive, they found a way to create one Central Business District and still have multiple redevelopment plans. The challenge for Staff is in making them consistent and coherent and making them unique. They wanted to create a way to help developers use the GPLET tool around Fiesta and this expansion created a way to do so.

Comment: Director Jabjiniak asked Sara Sorensen to pull up one of the maps she had previously shown. He pointed out a couple of technical corrections that had been made to slightly expand the Central Business District. He indicated that they would also be making a slight correction for a small area along Main Street that was not included in the current Central Business District.

Question: Rich Adams asked if the Economic Development Office was looking for a Letter of Support from the EDAB. Secondly, he asked what would happen if an owner was found within the area, that was completely uncooperative and unwilling to work with the City's efforts. He wondered what tools would be available to the City of Mesa at that point to elicit cooperation.

Answer: Director Jabjiniak mentioned that he would appreciate a Letter of Support from the board. He noted that several of the Council members had indicated they read the EDAB minutes and appreciate the detail provided. He suggested a motion could be made to offer a Letter of Support. In answer to Mr. Adam's second question, Director Jabjiniak said that this was just an effort to look for predominance of blight. This was not an effort to force anything. He mentioned that a law school had once contacted him saying they were using a failed redevelopment effort as a case study. Although he wasn't proud of the failed redevelopment effort, the process taught him some valuable lessons. Creating this new redevelopment area will just provide the potential tools to the property owner, but it will be up to them if they desire to take advantage of it.

Question: Matt Likens asked what GPLET stood for.

Answer: Sara Sorensen answered that GPLET stood for Government Property Lease Excise Tax.

Question: William Jabjiniak asked Sara Sorensen to explain GPLET in a little more detail.

Answer: Sara Sorensen said that GPLET replaces a property's tax with an excise tax. The excise tax is based on the type of building use and square footage.

Comment: Chair Pitcher noted that it has been his experience that usually a property owner sells their property to the city and leases it back. This has the result of releasing the property from the property tax that would be required from the owner, and instead an excise tax is collected. He pointed out that this development tool is usually cheaper for the property owner, but he noted that it is only available over a certain number of years.

Question: Matt Likens asked what the financial impact of this decision would be for the City of Mesa, considering the city would lose property taxes as a result of this.

Answer: Director Jabjiniak acknowledged that the city does lose property taxes, but they gain a long-term development. They also gain the excise tax. This does result in giving up a little in the early term, but the City of Mesa benefits in the long-term.

Comment: Brian Campbell shared an example of this from another municipality. He pointed out that the Arizona Center in Phoenix would not have happened if it wasn't for the GPLET financing mechanism. Mr. Campbell noted that the legislature had tweaked the GPLET statutes several times, with the latest changes in 2010. Many of the other communities have taken advantage of this incentive, and Mesa really needs to aggressively pursue taking advantage of this tool.

Comment: Jeff Pitcher shared a couple of examples in Phoenix and Tempe where this tool had been utilized.

Comment/Question: Matt Likens thanked everyone for taking the time to educate him on the use of this tool. He then asked if the City Council would want a financial analysis of this process, showing the long-term benefit over the short-term loss of tax revenue.

Answer: Director Jabjiniak pointed out that currently this is just a discussion about putting tools in place in a blight area, but as the projects actually take shape, a fiscal impact analysis will be completed. This protects the City of Mesa and the property owner and is required by statute. Currently, they are just outlining the targeted area, in an effort to find the predominance of blight, so that the statute can be applied.

Question: Matt Likens sought to clarify that this was just to designate it this way, so that the next steps could be taken.

Answer: Director Jabjiniak agreed with this assessment.

Question: Terry Benelli asked if this only applied to the City of Mesa property tax that would be removed or would all property taxes be removed.

Answer: Director Jabjiniak asked Sara Sorensen if she knew which of the property taxes were removed.

Answer: Sara Sorensen answered that all of the property taxes are removed when GPLET is utilized.

Comment: Terry Benelli noted that Mesa didn't have property tax.

Response: Director Jabjiniak stated that the impact to Mesa was a little less than in neighboring communities.

Question: Terry Benelli asked if they believed that this was the reason why developers weren't developing.

Answer: Director Jabjiniak said it is one of the major reasons large office users ask frequently about GPLET.

Comment: Terry Benelli stated that she thought this was the argument given for why Mesa didn't have property taxes. She thought that the lack of property taxes was so that Mesa could attract businesses. She questioned the wisdom in removing any other type of tax that the City of Mesa might have received from a property and expressed her struggle with the logic behind this idea.

Response: Director Jabjiniak stated that this was similar to the decision to put someone in a foreign trade zone, which also results in a tax reduction. He reminded the Board that they almost lost Apple due to the objection of a particular school district. He pointed out that the economic impact of a new development over the long-term was much greater than the short-term loss of taxes.

Chair Pitcher asked for a motion to recommend approval of the Southwest Redevelopment Area and Central Business District Expansion.

MOTION: Natascha Ovando-Karadsheh
SECOND: Dominic Perry
DECISION: Passed 5-1

Aye - Chair Jeff Pitcher
Aye - Vice Chair Natascha Ovando-Karadsheh
Aye - Deb Duvall
Aye - Matt Likens
Aye - Dominic Perry

Nay - Terry Benelli

6. Director's Update

Chairman Pitcher invited Director Jabjiniak to give an update. Director Jabjiniak thanked the Board for their recommendation of approval. He introduced some of his staff that was present at the meeting. He introduced Michele Freed, Administrative Support Assistant and Jaye O'Donnell, Assistant Director. He then introduced two of the newest members of his staff. He introduced Aric Bopp, Deputy Director for Strategic Initiatives and also noted that they had promoted Kelley Keffer to Project Manager. He also shared that David Packard had joined their staff as the new Management Assistant. He was excited to welcome the newest members to his staff.

Question: Rich Adams asked if the Office of Economic Development was now fully staffed.

Answer: Bill Jabjiniak said that he was one position away from being fully staffed. He anticipated an offer being made for that final staff position later that day.

Bill Jabjiniak reminded the board that after the recent election, they had two new Council Member Elects, Ryan Winkle and Mark Freeman. There will be a runoff between Shelly Allen and Jeremy Whittaker in District 2 to replace Council Member Finter. With these changes, he believes they will see an increased interest in entrepreneurship. He also noted that Benedictine University exceeded 500 students at the first of the month. He said that Benedictine is a great success story. He invited the board members to GPEC's annual event on October 6th at 6:00 p.m. The event will take place at 45 West Buchanan Street in Phoenix. He let the board members know that he had tickets available. In the area of marketing, he shared that DevMountain, a software company out of Utah, will be holding an event in the area. They are trying to gauge the depth of the market in regards to software developers. They are a well-known company with plans to locate in downtown after their initial event. He shared that Economic Development staff would be traveling across the country to various trade shows. He indicated that there are several new projects being developed. One of them is on Ray Road between Sossaman and Hawes. It is an 80,000 square foot industrial cabinet manufacturer. He also indicated that WireMasters had broken ground on a relocation of 60,000 square feet on Higley, just south of McKellips. He said there is also some industrial spec space on Greenfield north of McDowell. He also noted that a Sprouts has been proposed at Recker and Longbow Parkway. He said he is very excited about the many projects yet to come.

Comment: Rich Adams said that he thought it was a good idea to help the three new Council members get up to speed on what the EDAB and the Office of Economic Development do. He thought they should invite them to visit a meeting either individually or as a group.

Response: Director Jabjiniak said that Chris Brady had suggested they sit tight until they could come up with some kind of a game plan to begin initiating the new Council Members. Director Jabjiniak said that he would go ahead and extend an invite to the new Council Members and see what can be scheduled for the fall.

Comment: Brian Campbell shared with the Board that Jane Morris had recently passed away. She was the former Executive Director of Phoenix/Mesa Gateway Airport. He also noted that she was a great community leader. He reminded the board that she had stepped away from her position earlier this past year and it has now become apparent why she stepped down. He said that her loss will be a big one for the entire Mesa community and that she would be sorely missed.

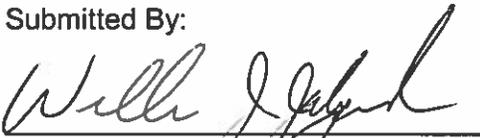
7. Other Business

Chairman Pitcher noted that the next EDAB meeting would be October 4, 2016.

8. Adjournment

With no further business before the board, Chairman Pitcher adjourned the meeting at 8:45 a.m.

Submitted By:



William J. Jabjiniak
Economic Development Department Director
(Prepared by Debbie Frazey)

